

## **NAFTA: Good for Farmers, Good for America**

Prepared by the Office of the United States Trade Representative

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The North American Free Trade Agreement (NAFTA) has been part of the American economic success story of the 1990's and is an important part of America's economic future.

In particular, America's farmers have benefitted greatly from NAFTA, because it's meant more export opportunities. Since NAFTA was approved in 1993, United States agricultural exports to Mexico have nearly doubled. Mexico now imports \$6.5 billion of United States agricultural products making it our third largest agricultural market. United States exports of agricultural products to Canada since implementation of NAFTA have increased 44 percent. Canada is the second largest market for United States agricultural exports, with Canadians purchasing \$7.6 billion worth of American products last year. Canada and Mexico purchased over 25 percent of the United States agricultural product exported in 2000. American farmers can't afford to lose access to the NAFTA markets.

Current United States Department of Agriculture projections anticipate an improvement in global agricultural demand and trade over the next several years, and United States exports are projected to rise. Over the longer term, economic growth, especially in developing countries, is projected to strengthen, providing a solid foundation for future expansion in global agricultural demand and trade.

It's important to remember that United States agricultural imports benefit consumers with lower prices and expanded choices.

### **NAFTA: Expanding American Agricultural Exports**

#### **Record U.S. Exports in 2000**

##### *Mexico*

- In 1993, before NAFTA, American exporters who wanted to sell to Mexico faced trade barriers of about 10 percent, nearly five times the 2 percent rate that the United States imposed on Mexican goods. With NAFTA, Mexico's average tariff has already fallen to about 2 percent, creating more export opportunities for American farmers.
- Two way trade between the United States and Mexico increased more than 55 percent since 1994, reaching more than \$11.6 billion.
- Record levels of exports to Mexico in 2000 include red meats, processed fruits and vegetables, poultry meat, snack foods, fresh fruits, feeds and fodder and rice. This broad cross section of commodities suggests the benefits of the NAFTA are widely distributed across United States agriculture.

- U.S. pork producers credit NAFTA with their gains in market share in Mexico for pork products, which increased 130 percent between 1994 and 2000.

From 1993 – 2000:

- ✓ U.S. soybean volume exports doubled to Mexico.
- ✓ U.S. beef and veal volume exports increased nearly five-fold to Mexico.
- ✓ U.S. corn volume exports increased eighteen-fold to Mexico. Mexico chose to expedite its market openings for corn under NAFTA, to provide lower cost food to its increasingly urban population and to ensure it had sufficient animal feed.

### *Canada*

- Since implementation of the United States-Canada Free Trade Agreement in 1989 and continuing with NAFTA, the United States agricultural exports to Canada have increased nearly five-fold.
- Many key United States commodities set export records in 2000 - fresh vegetables, fresh fruits, snack foods, poultry meat, live animals, pet foods, dairy foods, vegetable oils, and red meats to Canada.
- Exports of United States horticultural products to Canada have increased almost 30 percent since 1994, reaching \$3.3 billion in 2000.

From 1990 - 2000

- ✓ U.S. beef and veal volume exports to Canada increased 26 percent .
- ✓ U.S. soybean volume exports to Canada increased 15 percent .
- ✓ U.S. corn volume exports to Canada increased 125 percent.